THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN (WITHDRAWAL) ACT 2018, AS AMENDED

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2022

Financial highlights

- Sales for the first half of the financial year were £30m (2021: £30m); including £2.6m (2021: £0.8m) from recent acquisitions. This represents a very commendable performance given the challenges outlined at the March 2022 results presentation.
- The gross margin averaged 40.4% (2021: 42.7%) reflecting the ongoing struggle to pass on significant direct cost increases to retailers, contract customers and consumers. We anticipate that selling price improvement now agreed will help the gross margin continue on the upward trend evident in recent months.
- During the period since November 21 the company suffered direct annualised cost increases approximating to £4m, reflecting the scale of the margin challenge. High street retailers agreed to take price increases varying from 5% to 15% to stabilise their supply. "No agreement - no supply" had to be the rule to ensure our return to profit.
- Most cost increases have now been successfully passed on to the retailers, contract customers or consumers. A small number of price increases remain outstanding, which will be addressed by cost mitigation or cessation of supply.
- Other overheads, mainly energy costs, increased dramatically with the potential to drive annualised overheads up by at least £0.7m. A strategy to drive down annualised overheads by £2m thus reducing the breakeven point and protecting margin has been implemented and already contributed £0.1m to the turnaround to profit in the six months.
- The operating profit before exceptional costs was £0.3m (2021: £2.6m). Operating losses in the first four months were turned to operating profit for each of the subsequent months from August 22 to end of October 22, reflecting the continuing success of the remedial actions taken.
- Operating profit before exceptional costs as a percentage of sales decreased by 7.7% points to 0.9% (2021: 8.6%). Although small, this reflects strong signals of a sharp recovery to profit.
- EBITDA (excluding exceptional) for the first half of the financial year 2022 was £1.1m (2021: £3.35m).
- Diluted EPS was negative 0.48p (2021: 2.61p).
- Net short-term borrowings (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) at 30 September 2022 were £4.7m (2021: £2.9m). This included the final payment for Emma Hardie Ltd of £1.4m and a share buyback of £0.6m. Similarly for cash flow, large negatives in the early months of the year have been reduced to a positive cash flow in November with positives expected in the future months of this financial year and beyond. The positive cashflow has been enabled by the realignment of buying and stock holding policy together with cost reduction measures.
- Against this challenging economic climate, the integration of the acquisitions, despite their long-term importance, were put on hold for several months whilst the ship was steadied. Revenue generated from Brodie and Stone brands was £1.2m (2021: £Nil), Emma Hardie Ltd was £1.4m (2021: £0.8m from date of acquisition).

Operational highlights

- The key priority of the business has been to re-establish profitability and embed a structure to protect against losses on a month to month basis in this highly inflationary and volatile economic environment.
- At a macro level this meant aiming to pass on approximately £6m (annualised) of selling price increases to customers and consumers and reducing overhead and potential overhead costs by £2m from previous year levels.

- At a more detailed level this involved:
    - Sales team setting up Cost Price Increase (C.P.I) monitors across all categories of supply as negotiating levers with the big retailers, which has proved successful (with the obvious time lag in passing on increases which affected margins in the earlier part of the year).
    - Manufacturing team reducing to one shift at both production sites (excluding soap production). This was made possible by ensuring that previous investment in machinery and equipment was brought into play – efficiencies and line utilisation made this possible. Unfortunately, 34 people were made redundant out of the direct labour pool and a further 13 people as indirect labour at a total cost of £0.15m as shown in exceptional costs.
    - The one shift policy reduced energy costs. Energy savings were further enhanced by a reduction in energy consumption and implementation of an efficient energy management/reduction policy.
    - The spare capacity on one shift is currently around 25% due to efficiency gains.
    - Restructuring warehousing and logistics to bring back in house the picking and packing of all goods; a task that is already in progress and will be finalised by the end of January 2023 with considerable cost reductions in the region of £0.3m annualised.
    - Stock reductions based on a four-week buying and stock holding policy and reducing lead times are targeted at £2m. This will improve cash flow and will also reduce costs. We have achieved stock reductions of £1.2m to the end of October 2022 without any reduction in effective service level.
- Exceptional costs also include £0.31m in relation to the finalisation of the Emma Hardie transaction.
- Integration of Emma Hardie, though delayed, is now progressing well and the full benefits are expected to emerge during the second half of the financial year and beyond. Planned profit improvements include bringing operation and manufacturing in house whilst also developing new bricks and mortar listing in UK and USA under a newly appointed Sales Director as we transition from the previous owners.
- The same is true on the Brodie and Stone brands, which have experienced stock shortages on some products caused by the global logistics issues earlier in the year.
- Most importantly we can now focus on building sales in all sectors; the most recent success is being listed with two sophisticated high street retailers in the convenience area which are experiencing significant growth.
- In the mass to masstige area we are pushing our three key brands (in the hair, sleep and skin categories) in addition to Emma Hardie in the premium skincare sector.
- We expect to hold our sales levels for the next six months before we start to build steadily again on a profitable business.

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Chairman's statement

As we indicated in the Chairman's statement in July 2022, we experienced global supply chain and inflationary pressures during the second half of the last financial year which have continued into this year. These pressures have manifested in the form of delayed deliveries from suppliers, higher input, energy and overhead costs. We have therefore continued our proactive response to these challenges and have striven to mitigate the on-going increases in cost of raw materials, components and energy through price recovery where possible, product reengineering, alternative sourcing and other cost control measures, including reduction in the work force and reversion to single-shift working. This has resulted in redundancy costs of £0.15m. In spite of these challenges, I am pleased to report that the Group has made significant progress in growing its branded business during the first half of the year ended 30 September 2022. Overall sales are broadly in line with last year, with sales from the two branded acquisitions offsetting the decline in other areas. The Group's performance is a tribute to the tenacity and resilience of the teams who have again demonstrated the ability to take advantage of available opportunities and manage potential risks.

Sales and margin

Branded sales contribute an increasingly important part of the business with branded sales increasing from £8.8m to £10.8m. This includes the turnover from acquisitions of £2.6m (2021: £0.8m).
Private label sales declined from £13.1m to £11.2m due mainly to a one-off customer order in the previous period. Contract sales reduced from £8.1m to £7.7m.

Our gross margin was 40.4% in the six months to 30 September 2022 (2021: 42.7%). Gross margin has declined in the period due to a lag in the recovery from our customers of higher input costs. The level of cost price increases has abated in recent months and we have made significant progress in securing price increases from customers and therefore we expect to achieve an improved gross margin in the next six months.

Overheads

Distribution costs have increased by 17.4% to £2.0m (2021: £1.7m) and now represent 6.6% of sales (2021: 5.5%). Underlying costs associated with outsourcing the warehousing have increased in line with domestic supply pressures. Most of our finished goods are currently stored at third parties but we are in the process of taking back the storage and picking of finished goods within Peterborough, which will result in savings in the second half.

Administration costs have increased by 14.2% to £9.8m (2021: £8.6m). These include admin support costs within Emma Hardie Limited of £0.6m (2021: £0.2m – 2 months post acquisition), which are required to support the brand during the transition period. Other cost increases include energy cost increases of £0.3m, I.T. and security of £0.1m which will reduce in the second half of the year.

Exceptional Costs

- In our report on the results for March 2022, we indicated that there would be an additional charge in respect of the acquisition of the Emma Hardie business should the Company's share price fail to attain £1.25 on the first anniversary of the sale. The excess over the amount accrued at 31 March 2022 amounted to £0.31m and has been treated as an exceptional cost.

- Redundancy costs incurred of £0.15m in respect of the closure of the second shift at Peterborough have also been included in exceptional costs.

Operating profit before exceptional costs

Operating profit before exceptional costs was £0.3m (2021: £2.6m), which represents a decrease of £2.3m. The reduction in gross margin together with the increased overhead costs results in an operating profit margin before exceptional costs of 0.9% (2021: 8.6%).

Tax

The tax charge provided in the accounts is £0.03m (2021: £0.28m).

Earnings per share

The diluted earnings per share was negative 0.48p (2021: 2.61p).

Chairman's statement (continued)

Dividend Payments

The Board does not propose an interim dividend (2021: 0.15 pence per ordinary share), reflecting the challenging and volatile economic conditions facing the Group and the need to be prudent about utilisation of cash resources. This is consistent with the directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business.

Working capital and short term borrowings

Net short term borrowings were £4.7m (2021: £2.9m). The increase in short term borrowings is largely a result of the Emma Hardie acquisition, which resulted in a cash out flow of £2.0m. The Group has access to cash by way of an invoicing finance facility that is currently in place and could support the cash position by up to a further £4.4m. Working capital is broadly in line with March 22 with increases in trade debtors and inventories offset by an increase in trade creditors. We plan to make further reduction in inventories in the second half of the year.

Supply chain

In common with most UK manufacturing businesses, we are operating in a period of significant inflationary pressures and weakening consumer demand. Our objective is to meet our customer expectations and to deliver top line sales growth whilst also relentlessly focusing on the areas within our control including recovery/mitigation of cost price increases, delivery of cost reduction programme and reduction in stock levels.

The result for this half year is much in line with what was anticipated, but we are confident that the margin recovery and pro-active cost reduction measures we have taken will deliver an improved performance in the second half of the year. I would like to take this opportunity to thank each and every one of the Group's employees who have continued to pull together through an exceptionally difficult period to enable the Group to deliver a strong trading performance. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

W O McIlroy
Executive Chairman

30 November 2022

Responsibility statement

The names and functions of the Directors of the Company are as follows:

William O McIlroy	Executive Chairman and Chief Executive
Bernard JM Johnson	Executive Managing Director
Nicholas DJ O'Shea	Non-executive Director and Group Company Secretary
William T Glencross	Non-executive Director
Martin Stevens	Deputy Managing Director
Philippa Clark	Deputy Managing Director
Paul Forster	Non-executive Director

The Board confirms that to the best of its knowledge the condensed set of financial statements gives a true and fair view of the assets and liabilities, financial position and loss of the Group and has been prepared in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the UK and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules as issued by the Financial Conduct Authority, namely:

- DTR 4.2.7: An indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

- DTR 4.2.8: Details of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period. Together with any changes in the related party transactions described in the last annual report that could have a material effect on the enterprise in the first six months of the current financial year.

Going Concern

The directors are pleased to report that the Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 30 November 2022 is negative £2.4m. We have carried out a review of our cash requirements for the next 12 months. Scenarios modelled included the removal of the Group's largest customer and increases of 20% in costs of raw materials or overheads. These models show that even without management tackling current overhead levels or increasing prices to customers, the Group would not fully utilise available working capital resources over the next 12 months. The directors have therefore formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of this report. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

Nicholas O'Shea
Group Company Secretary and Director

30 November 2022

Principal risks and uncertainties

The Board regularly monitors exposure to key risks, such as those related to production efficiencies, cash position and competitive position relating to sales. It has also taken account of the economic situation over the past 6 months, and the impact that has had on costs and consumer purchases.

It also monitors those risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure, such as product contamination and manufacture outside specification, maintenance of satisfactory levels of customer and consumer service, accident ratios, failure to meet environmental protection standards or any of the areas of regulation mentioned above.

The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are consistent with those detailed in the Annual Report and Financial Statements 2022. The main risk facing the Group relates to the inflationary pressures and weak economic environment. These are covered in detail in the Chairman's statement.

Consolidated income statement – unaudited

		Six months ended 30 September 2022	Six months ended 30 September 2021	Year ended 31 March 2022
	Note	£000	£000	£000
Revenue		29,676	30,005	61,157
Cost of sales		(17,686)	(17,201)	(35,001)
Gross profit		11,990	12,804	26,156
Distribution costs		(1,951)	(1,662)	(3,535)
Administrative expenses		(9,758)	(8,547)	(18,256)
Operating profit		281	2,595	4,365
Exceptional items	9	(463)	(221)	(602)
Finance costs	6	(177)	(108)	(308)
(Loss) / Profit before tax		(359)	2,266	3,455
Taxation	4	(26)	(278)	(345)
(Loss) / Profit for the period from operations attributable to the equity shareholders of the parent Company		(385)	1,988	3,110

Dividends

	Note	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
Paid in year (£000)		-	-	428
Paid in year (pence per share)		-	-	0.65p
Proposed (£000)		-	98	-
Proposed (pence per share)		-	0.15p	-

Earnings per share

	Note	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
Basic	3	(0.55)p	3.05p	4.62p
Diluted		(0.48)p	2.61p	3.98p

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Consolidated statement of comprehensive income - Unaudited

		Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
		£000	£000	£000
(Loss) / Profit for the period		(385)	1,988	3,110
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translating foreign operations		(68)	(39)	(7)
Other comprehensive income for the period		(68)	(39)	(7)
Total comprehensive income for the period attributable to the equity shareholders of the parent		(453)	1,949	3,103

Consolidated balance sheet – unaudited

		30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	31 March 2022 (Audited)
	Note	**£000**	**£000**	**£000**
Non-current assets				
Goodwill		2,853	331	2,853
Other intangible assets		10,883	10,951	10,867
Property, plant and equipment		6,165	6,012	6,065
Right-of-use assets		1,107	977	1,120
Deferred tax asset		-	503	-
		21,008	**18,774**	**20,905**
Current assets				
Inventories		12,802	13,178	12,479
Trade and other receivables		14,518	15,608	13,624
Cash and cash equivalents		765	1,013	840
		28,085	**29,799**	**26,943**
Total assets		**49,093**	**48,573**	**47,848**
Current liabilities				
Trade and other payables		11,308	12,192	10,127
Corporation tax payable		-	200	-
Lease liabilities		301	249	303
Borrowings		5,136	3,669	2,663
Deferred and contingent consideration		-	1,628	1,187
		16,745	**17,938**	**14,280**
Net current assets		**11,340**	**11,861**	**12,663**
Non-current liabilities				
Deferred tax liability		3,006	-	2,640
Lease liabilities		838	777	864
Borrowings		3,900	4,827	4,386
		7,744	**5,604**	**7,890**
Total liabilities		**24,489**	**23,542**	**22,170**
Net assets		**24,604**	**25,031**	**25,678**
Equity				
Share capital		700	675	697
Share premium account		4,498	3,886	4,427
Treasury shares	8	(576)	-	-
Other reserves		(211)	25	(211)
Translation reserve		(45)	(9)	23
Retained earnings		20,238	20,454	20,742
Total equity attributable to the equity shareholders of the parent Company		**24,604**	**25,031**	**25,678**

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Statement of changes in shareholders' equity – unaudited

	Share capital	Share premium account	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total equity
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	**648**	**1,410**	**-**	**25**	**30**	**17,973**	**20,086**
Comprehensive income for the period							
Profit for the six-month period	-	-	-	-	-	1,988	1,988
Exchange differences on translation of foreign operations	-	-	-	-	(39)	-	(39)
Total comprehensive income for the six months ended 30 September 2021	**-**	**-**	**-**	**-**	**(39)**	**1,988**	**1,949**
Contributions by and distributions to owners							
Shares issued on acquisitions	27	2,476	-	-	-	-	2,503
Share-based payment charge	-	-	-	-	-	165	165
Deferred tax through Equity	-	-	-	-	-	328	328
Total contributions by and distributions to owners	**27**	**2,476**	**-**	**-**	**-**	**493**	**2,996**
At 30 September 2021	**675**	**3,886**	**-**	**25**	**(9)**	**20,454**	**25,031**
Comprehensive income for the period							
Profit for the six-month period	-	-	-	-	-	1,122	1,122
Exchange differences on translation of foreign operations	-	-	-	-	32	-	32
Total comprehensive income for the six months ended 31 March 2022	**-**	**-**	**-**	**-**	**32**	**1,122**	**1,154**
Contributions by and distributions to owners							
Exercise of options	22	541	-	-	-	-	563
Purchase of own shares by EBT	-	-	-	(236)	-	-	(236)
Share-based payment charge	-	-	-	-	-	165	165
Deferred tax through Equity	-	-	-	-	-	(571)	(571)
Dividends	-	-	-	-	-	(428)	(428)
Total contributions by and distributions to owners	**22**	**541**	**-**	**(236)**	**-**	**(834)**	**(507)**
At 31 March 2022	**697**	**4,427**	**-**	**(211)**	**23**	**20,742**	**25,678**
Comprehensive income for the period							
Profit for the six-month period	-	-	-	-	-	(385)	(385)
Exchange differences on translation of foreign operations	-	-	-	-	(68)	-	(68)
Total comprehensive income for the six months ended 30 September 2022	**-**	**-**	**-**	**-**	**(68)**	**(385)**	**(453)**
Contributions by and distributions to owners							
Exercise of options	3	71	-	-	-	-	74
Purchase of own shares	-	-	(576)	-	-		(576)
Share-based payment charge	-	-	-	-	-	179	179
Deferred tax through Equity	-	-	-	-	-	(298)	(298)
Total contributions by and distributions to owners	**3**	**71**	**(576)**	-	**-**	**(119)**	**(621)**
At 30 September 2022	**700**	**4,498**	**(576)**	**(211)**	**(45)**	**20,238**	**24,604**

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Consolidated cash flow statement – unaudited

	Note	Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
		£000	£000	£000
Profit from operations		**281**	**2,595**	**4,365**
Adjustments for:				
Depreciation on property, plant and equipment		505	432	888
Depreciation on right of use assets		149	113	256
Amortisation of intangible assets		150	209	435
(Profit)/Loss on disposal of property, plant and equipment		8	10	(10)
Share based payment charge		179	165	330
Redundancy payments		(150)	-	-
		1,122	**3,524**	**6,264**
(Increase)/decrease in inventories		(323)	(3,211)	(2,515)
(Increase) /decrease in trade and other receivables		(779)	(3,931)	(1,820)
Increase/(decrease) in trade and other payables		1,182	1,894	59
Taxation paid		(70)	(291)	(575)
Net cash from operating activities		**1,132**	**(2,015)**	**1,413**
Investing activities				
Purchase of property, plant and equipment		(605)	(608)	(1,106)
Purchase of right of use assets		(171)	-	(286)
Proceeds from sale and lease back (IAS 17)		-	-	264
Purchase of intangible assets		(166)	(167)	(338)
Acquisition of Brodie & Stone		-	(2,807)	(3,507)
Acquisition of Emma Hardie	7	(1,424)	(2,775)	(2,775)
Exceptional costs in relation to acquisitions		-	(221)	(343)
Net cash used in investing activities		**(2,366)**	**(6,578)**	**(8,091)**
Financing activities				
Proceeds on issue of shares		73	-	564
Principal paid on lease liabilities		(117)	(116)	(240)
Interest on leases liabilities		(53)	(62)	(117)
Interest paid on mortgage loan		(41)	(44)	(83)
Interest paid on overdrafts and loans		(83)	(2)	(108)
(Decrease)/increase in invoice financing facilities		2,845	1,344	1,267
Increase/(decrease) of overdraft		(405)	948	495
Draw down of loan facility		-	3,000	3,000
Repayment on term loan		(332)	-	(314)
Repayment on mortgage loan facility		(84)	(82)	(169)
Repayment of debt – Emma Hardie		-	(1,457)	(2,201)
Repayment of debt – Brodie & Stone		-	(489)	(463)
Dividends paid to owners of the parent		-	-	(428)
Purchase of own shares via EBT		-	-	(236)
Purchase of shares - EH buy back	8	(576)	-	-
Net cash used in financing activities		**1,227**	**3,040**	**967**
Net decrease in cash and cash equivalents		**(7)**	**(5,553)**	**(5,711)**
Cash and cash equivalents at start of period		840	6,558	6,558
Effect of foreign exchange rate changes		(68)	8	(7)
Cash and cash equivalents at end of period		**765**	**1,013**	**840**

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements for the six months ended 30 September 2021 and 30 September 2022 and for the twelve months ended 31 March 2022 do not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 March 2022 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 March 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The 30 September 2022 statements were approved by the Board of Directors on 30 November 2022. This unaudited interim report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

The condensed financial statements in this Interim Report have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as endorsed by the UK.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2022, which were prepared in accordance with International Financial Reporting Standards as endorsed by the UK.

The condensed interim financial statements for the six months ended 30 September 2022 and the comparative figures for the six months ended 30 September 2021 are unaudited. The figures for the year ended 31 March 2022 have been extracted from the Annual Report on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Significant accounting policies

Adoption of new and revised accounting standards

No new standards impacting on the Group have been adopted in its financial statements for the year ended 31 March 2022 or the interims ended 30 September 2022.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Group.

Notes to the unaudited interim financial report (Continued)

3. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

		Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
		£000	£000	£000
Earnings				
Net profit attributable to the equity holders of the parent company		(385)	1,988	3,110

		Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
		Number	Number	Number
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings per share		69,832,186	65,196,505	67,372,553
Effect of dilutive potential ordinary shares relating to share options		9,862,002	10,915,679	10,681,836
Weighted average number of ordinary shares for the purposes of diluted earnings per share		79,694,188	76,112,184	78,054,389

Basic		(0.55)p	3.05p	4.62p
Diluted		(0.48)p	2.61p	3.98p

4. Taxation

		Six months ended 30 September 2022 (Unaudited)	Six months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
		£000	£000	£000
Current tax		(43)	162	100
Deferred tax liability		69	116	245
Total		26	278	345

Notes to the unaudited interim financial report (Continued)

5. Notes to cash flow statement

Analysis of changes in net debt

6 months ended 30 September 2022	**Overdraft**	**Invoice Financing**	**Mortgage**	**Loan**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	495	1,267	2,642	2,645	7,049
Cash flows	(405)	2,762	(127)	(402)	1,828
Interest accruing	-	83	41	35	159
At 30 September 2022	**90**	**4,112**	**2,556**	**2,278**	**9,036**

6 months ended 30 September 2021	**Overdraft**	**Invoice Financing**	**Mortgage**	**Loan**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	-	-	2,812	-	2,812
Cash flows	948	1,818	(126)	3,000	5,640
Interest accruing	-	-	44	-	44
At 30 September 2021	**948**	**1,818**	**2,730**	**3,000**	**8,496**

12 months ended 31 March 2022	**Overdraft**	**Invoice Financing**	**Mortgage**	**Loan**	**Total**
	£000	**£000**	**£000**		**£000**
At 1 April 2021	-	-	2,812	-	2,812
Cash flows	495	1,267	(253)	2,603	4,112
Interest accruing	-	-	83	42	125
At 31 March 2022	**495**	**1,267**	**2,642**	**2,645**	**7,049**

6. Finance costs

		Six months ended 30 September 2022 (Unaudited)	**Six months ended 30 September 2021 (Unaudited)**	**Year ended 31 March 2022 (Audited)**
		£000	**£000**	**£000**
Interest on bank overdrafts and loans		83	2	108
Interest on mortgage		41	44	83
Interest on lease liabilities		53	62	117
Total		177	108	308

Notes to the unaudited interim financial report (Continued)

7. Final consideration paid to the Sellers under the SPA of Emma Hardie Limited:

Further to the sale and purchase agreement ("SPA") relating to the acquisition of the entire share capital of Emma Hardie Limited as announced on 28 July 2021, the Group has made the final payment due to be made under the SPA to the sellers and the Company and also entered a settlement and share buyback agreement with the sellers in respect of certain matters related to the acquisition.

The final payment amounted to £1,424,000. This consisted of two components. The first of which pertained to the SPA agreement. Under the SPA, if on the date of twelve months from completion the volume weighted average middle market quoted price of an Ordinary Share for the last 5 Business days prior to that date (as derived from the Daily Official List of London Stock Exchange Plc) were to be less than £1.25, then an additional amount would be payable to the sellers in cash equal to such difference in price multiplied by the number of Consideration Shares issued. This equated to £1,333,664. The second component was in relation to the adjustment payment and the deferred payment amounting in aggregate to £90,336. No further amount is due to be paid by the Group under the SPA.

8. Share Buy Back of the Consideration Shares

Separately, it has been agreed with the two sellers that the Company buy back 800,000 Consideration Shares from each of them for a consideration of £288,000, being an aggregate consideration of £576,000 (together the "Buyback"). The consideration is based on the price of 36p per ordinary share being the on-market price at the time of the transaction. The Buyback took place on 26 September 2022.

The Company intends the total of 1,600,000 re-purchased shares to be held as treasury shares.

9. Exceptional items

Redundancy costs from the cessation of the second shift

To counteract the challenging market conditions borne by increase in supply chain costs the business has undertaken a significant cost reduction improvement with the objective of improving profitability. This includes moving to a single shift operation in Peterborough which has been made possible by the efficiency-driven investment in the previous year. This unfortunately did result in redundancies which cost the business c.£0.15m.

Finalisation of Emma Hardie Limited SPA liability

As of the 31 March 2022 £1,027,500 had been accrued in anticipation of the final consideration paid to the Sellers under the SPA of Emma Hardie Limited. A further £84,000 had been accrued in relation to the adjustment payment and the deferred consideration as part of the SPA of Emma Hardie Limited. As discussed in note 7 the actual payment amounted to £1,424,000. The shortfall in the amount provided at the end of 31 March 2022 had a P&L impact of £312,500.

10. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2022 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2022.

11. Availability of Interim Report

The Interim Report is being made available to shareholders on the Company website www.creightonsplc.com. Further copies can be obtained from the Company's Registered Office, 1210 Lincoln Road, Peterborough, PE4 6ND.

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